

**House File 2388 - Introduced**

HOUSE FILE 2388  
BY COMMITTEE ON HUMAN  
RESOURCES

(SUCCESSOR TO HF 2065)

**A BILL FOR**

1 An Act relating to maximizing hospital-specific  
2 disproportionate share hospital payments, and providing for  
3 contingent implementation.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1     Section 1.  DEPARTMENT OF HUMAN SERVICES — DIRECTIVE  
2 REGARDING DISPROPORTIONATE SHARE HOSPITAL PAYMENTS.

3     1.  The department of human services shall recalculate the  
4 hospital-specific disproportionate share hospital limits for  
5 the fiscal year beginning July 1, 2012, during the hospital  
6 rebasing and recalibration process, and shall utilize the  
7 federal disproportionate share hospital allotment for the  
8 state to the maximum extent possible, utilizing appropriate  
9 local government sources for the nonfederal match, to create  
10 a new disproportionate share hospital pool.  The new pool  
11 shall be used to provide payments to rural prospective payment  
12 hospitals that are not designated as critical access hospitals  
13 and that otherwise qualify to receive a medical assistance  
14 disproportionate share hospital payment.

15     2.  The source of funds for the required nonfederal share  
16 shall be funds generated from tax levy collections of the  
17 county or city in which the hospital is located, and subject to  
18 the conditions specified in this section and applicable federal  
19 law and regulation.

20     3.  All of the following shall apply to the nonfederal share  
21 funds and disproportionate share hospital payments under this  
22 section:

23     a.  The qualifying hospital shall annually provide a  
24 disproportionate share hospitals survey to the department in  
25 accordance with the time frame specified by the department, for  
26 the purpose of calculating the hospital specific limit.

27     b.  The disproportionate share hospital payment shall not  
28 exceed the hospital-specific limit as specified pursuant to  
29 federal regulations.

30     c.  The nonfederal share funds shall be distributed to the  
31 department of human services prior to any disproportionate  
32 share hospital payment to a qualifying hospital.

33     d.  The qualifying hospital shall retain one hundred percent  
34 of the disproportionate share hospital payment.

35     e.  The city or county providing the nonfederal share funds

1 shall annually document and certify that the funds provided  
2 as the nonfederal share were generated from tax proceeds, and  
3 not from any other source including federal grants or another  
4 federal funding source.

5 f. The applicable federal matching rate for the fiscal year  
6 shall apply.

7 4. The department shall amend the medical assistance state  
8 plan as necessary to implement this directive. The state plan  
9 shall identify the specific source and amount of city or county  
10 funds that will be provided as the nonfederal share funds for  
11 the qualifying hospital.

12 5. Implementation of this section is contingent upon  
13 receipt of approval from the centers for Medicare and Medicaid  
14 services of the United States department of health and human  
15 services.

16 EXPLANATION

17 This bill directs the department of human services (DHS)  
18 to recalculate the hospital-specific disproportionate share  
19 hospital (DSH) limits for the fiscal year beginning July  
20 1, 2012, during the hospital rebasing and recalibration  
21 process, and utilize the federal DSH allotment for the state  
22 to the maximum extent possible, utilizing appropriate local  
23 government sources for the nonfederal match, to create a new  
24 DSH pool. The new pool is to be used to provide payments to  
25 rural prospective payment hospitals that are not designated as  
26 critical access hospitals and that otherwise qualify to receive  
27 a medical assistance DSH payment.

28 Under the bill, the source of funds for the required  
29 nonfederal share is to be generated from tax levy collections  
30 of the county or city in which the hospital is located, and  
31 the funds are subject to the conditions specified in the bill  
32 and applicable federal law and regulation. Requirements for  
33 the nonfederal share funds and DSH payments under the bill  
34 include: the qualifying hospital must annually provide a DSH  
35 survey to the department in accordance with the time frame

1 specified by the department, for the purpose of calculating  
2 the hospital-specific limit; the DSH payment shall not exceed  
3 the hospital-specific limit as specified pursuant to federal  
4 regulations; the nonfederal share funds shall be distributed  
5 to DHS prior to any DSH payment to a qualifying hospital;  
6 the qualifying hospital shall retain 100 percent of the DSH  
7 payment; the city or county providing the nonfederal share  
8 funds shall annually document and certify that the funds  
9 provided as the nonfederal share were generated from tax  
10 proceeds, and not from any other source including federal  
11 grants or another federal funding source; and the applicable  
12 federal matching rate for the fiscal year shall apply.

13     The bill directs DHS to amend the Medicaid state plan as  
14 necessary to implement the bill and to identify in the state  
15 plan the specific source and amount of city or county funds  
16 that will be provided as the nonfederal share funds for the  
17 qualifying hospital. Implementation of the bill is contingent  
18 upon receipt of approval from the centers for Medicare and  
19 Medicaid services of the United States department of health and  
20 human services.